

Message Text

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PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, EEC, ETRD

SUBJECT: EC COUNCIL OF AGRICULTURAL MINISTERS' MEETING,
JUNE 23-24 LUXEMBOURG

REF: (A) EC A-316, 10/18/74; (B) EC A-194

1. BEGIN SUMMARY: THE EC AGRICULTURAL MINISTERS FINALLY WRAPPED UP AGREEMENT ON A NEW COMMON REGIME FOR PROCESSED FRUITS AND VEGETABLES AND TIGHTER CONTROL ON THE REFERENCE PRICE SYSTEM FOR WINE. THIS OPENS THE WAY FOR SETTLEMENT ON MEDITERRANEAN AGRICULTURAL PREFERENCES. THE COMMISSION WILL PRESENT AT THE NEXT AGRICULTURAL COUNCIL MEETING PROPOSALS FOR PREMIUMS TO ENCOURAGE THE USE OF WHEAT IN ANIMAL FEED RATIONS. END SUMMARY.

2. PROCESSED FRUITS AND VEGETABLES: AFTER SEVEN YEARS OF HAGGLING, THE AGRICULTURAL MINISTERS HAVE FINALLY AGREED ON A COMMUNITY REGIME FOR PROCESSED FRUITS AND VEGETABLES. THIS NEW SYSTEM TOGETHER WITH CERTAIN AGGREGATIONS ON WINE
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AND FRESH CITRUS PROVIDES THE COMMUNITY SAFEGUARDS THAT ITALY

AND OTHERS DEMANDED AS THE PRICE FOR GOING ALONG WITH THE AGRICULTURAL CONCESSIONS FORESEEN IN THE EC'S GLOBAL MEDITERRANEAN APPROACH. (ON THIS BASIS THE FOMINS COUNCIL HAS AUTHORIZED CONCLUSION OF THE NEGOTIATIONS-SEPTEL.) WE UNDERSTAND THAT THE NEW SYSTEM FOR PROCESSED FRUITS AND VEGETABLES WILL ENTER INTO EFFECT AS SOON AS POSSIBLE. DETAILS HAVE YET TO BE WORKED OUT.

3. IMPORTS OF PROCESSED FRUITS AND VEGETABLES WILL BE "LIBERALIZED" WITH CERTAIN EXCEPTIONS. AN EC MINIMUM IMPORT PRICE AND CERTIFICATE SYSTEM WILL BE ESTABLISHED FOR TOMATO CONCENTRATES. AN EC IMPORT CERTIFICATE SYSTEM WILL ALSO BE ESTABLISHED FOR THE FOLLOWING SENSITIVE PRODUCTS.

EX 20.02C PEELED TOMATOES

EX 20.06B PEACHES

EX 20.07C TOMATO JUICES

20.02A MUSHROOMS

EX 08.12 PRUNES (FROM JANUARY 1, 1978)

20.02G PEAS AND GREEN BEANS

EX 08.10A)

EX 08.11E)

EX 20.03) RASPBERRIES

EX 20.05C)

EX 20.06B)

EX 20.06B PEARS

THE CERTIFICATE FOR THESE SENSITIVE PRODUCTS WILL BE DELIVERED 5 WORKING DAYS AFTER APPLICATION IS MADE. IT WILL BE VALID FOR 75 DAYS. ACCORDING TO A COMMISSION OFFICIAL IN CHARGE OF FRUITS AND VEGETABLES, THIS IS NOT A LICENSING SYSTEM BUT A CERTIFICATE SYSTEM: LICENSES CAN BE APPROVED OR DENIED WHEREAS CERTIFICATES MUST ALWAYS BE APPROVED UNLESS THE SAFEGUARD CLAUSE IS INVOKED (SIC). NO MINIMUM IMPORT PRICE IS ESTABLISHED FOR THE SENSITIVE PRODUCTS; HOWEVER PROVISION IS MADE FOR THE COUNCIL TO ESTABLISH THESE IF NECESSARY.

4. NATIONAL QUANTITATIVE RESTRICTIONS CAN BE MAINTAINED UNTIL DECEMBER 31, 1977 ON PRUNES AND CITRUS JUICES OTHER THAN GRAPEFRUIT. THE COUNCIL WILL DECIDE WHAT SYSTEM WILL APPLY TO CITRUS JUICES OTHER THAN GRAPEFRUIT AFTER THAT DATE; LIMITED OFFICIAL USE

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HOWEVER IF NO DECISION IS TAKEN BEFORE THEN THE SAME NATIONAL SYSTEMS WILL CONTINUE. PROCESSED POTATOES ARE EXCLUDED FROM THE NEW REGIME BECAUSE THEY WILL BE PART OF THE POTATO CAP THE COUNCIL IS DUE TO APPROVE BEFORE DECEMBER 31, 1975.

5. A SURVEILLANCE SYSTEM WILL BE ESTABLISHED UNDER COUNCIL REGULATION NO. 109/70 FOR IMPORTS FROM STATE-TRADING COUNTRIES OF PROCESSED FRUITS AND VEGETABLES OTHER THAN THOSE SUBJECT

TO THE CERTIFICATE SYSTEM. THE COUNCIL HAS AGREED IN PRINCIPLE TO GRANTING A SUBSIDY FOR PROCESSED PINEAPPLES.

6. THE COMMISSION WILL MONITOR THE PROCESSED FRUIT AND VEGETABLE SITUATION, PARTICULARLY WITH REGARD TO RAW MATERIAL COSTS AND TAKE "APPROPRIATE MEASURES TO REMEDY FUTURE DIFFICULTIES". IN CASE THE EC PROCESSING INDUSTRY FINDS ITSELF IN CONTINUING DIFFICULTIES FROM THE NEW REGIME, RECOURSE COULD BE MADE TO CERTAIN EC FINANCIAL INSTRUMENTS SUCH AS THE FEOGA GUIDANCE SECTION AND THE EUROPEAN REGIONAL DEVELOPMENT FUND.

7. FRESH FRUITS AND VEGETABLES: ON FRESH FRUITS AND VEGETABLES, THE ITALIANS WON AN 11 PERCENT INCREASE IN THE PENETRATION PREMIUMS FOR ORANGES, MANDARINS AND CLEMENTINES FOR THE 1975/76 SEASON. THEREAFTER THEY WILL INCREASE AT THE SAME RATE AS THE BASE AND BUYING-IN PRICES FIXED EVERY YEAR BY THE COUNCIL. REFERENCE PRICES CANNOT BE INCREASED BY A PERCENTAGE GREATER THAN THE PERCENTAGE INCREASE FOR THE SUPPORT PRICES AND PREMIUMS. THE COUNCIL WILL ADOPT THESE PROVISIONS IN FINAL AS SOON AS THE MEDITERRANEAN ACCORDS ENTER INTO EFFECT.

8. THE REFERENCE PRICE SYSTEM FOR FRESH FRUITS AND VEGETABLES WILL BE MODIFIED TO ALLOW THE IMPOSITION OF COMPENSATORY TAXES NOT ONLY WHEN ENTRY PRICES ARE BELOW THE REFERENCE PRICE FOR TWO SUCCESSIVE DAYS BUT ALSO WHEN THEY VARY ABOVE AND BELOW THE REFERENCE PRICE FOR A CERTAIN PERIOD.

9. AS SOON AS THE MEDITERRANEAN ACCORDS COME INTO EFFECT, THE PENETRATION PREMIUM WILL BE EXTENDED TO LEMONS AT A RATE OF 4.7 U.A./100 KG., AND FOR THE REMAINING 1975/76 SEASON THE REFERENCE PRICE FOR LEMONS WILL NOT INCLUDE IN ITS CALCULATION THE STANDARD AMOUNT COVERING TRANSPORT COSTS OF EC PRODUCE FROM PRODUCER TO CONSUMER CENTERS (REF.A). ALL THINGS LIMITED OFFICIAL USE

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BEING EQUAL THIS WOULD MEAN A LOWER REFERENCE PRICE FOR LEMONS.

10. WINE: WINE IMPORTS WILL BE SUBJECT TO TIGHTER CONTROL VIS-A-VIS RESPECTING THE REFERENCE PRICE. EVERY SHIPMENT OF MAGHREB WINE WILL BE CHECKED BY EC CUSTOMS TO SEE IF ITS C.I.F. PRICES ARE GREATER THAN OR EQUAL TO THE REFERENCE PRICE. IF THEY ARE BELOW, THE FULL DUTY WILL BE IMPOSED. THE CUSTOMS OFFICIALS WILL NOTIFY THE COMMISSION BY TELEX. THE MANAGEMENT COMMITTEE WILL DETERMINE WHETHER COMPENSATORY TAXES SHOULD BE APPLIED AND/OR WHETHER THE FULL DUTY SHOULD APPLY TO ALL IMPORTS ORIGINATING FROM THE MAGHREB COUNTRY IN QUESTION. FOR WINE ORIGINATING FROM THIRD COUNTRIES NOT BENEFITTING FROM A PREFERENCE, EC CUSTOMS OFFICIALS WILL ALSO CHECK EACH SHIPMENT TO SEE WHETHER THE REFERENCE PRICE IS RESPECTED. IF IT IS NOT, THE MANAGEMENT COMMITTEE WILL DETERMINE WHETHER

COMPENSATORY TAXES SHOULD BE IMPOSED ON ALL WINE IMPORTS FROM
THE ORIGINATING COUNTRY.

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PASS AGRICULTURE

11. WHEN MAGHREB WINE IMPORTS CONTRIBUTE TO DISTURBANCES ON
THE MARKET, A SPECIAL DISTILLATION PROGRAM CAN COME INTO EFFECT
FOR EC TABLE WINE AT ATTRACTIVE PRICES. THE COUNCIL WILL DECIDE
UPON THE GENERAL RULES FOR THIS SPECIAL DISTILLATION BEFORE
AUGUST 1, 1975.

12. THESE MEASURES AGREED TO ON WINE ARE MUCH LESS DRASTIC
THAN WHAT THE ITALIANS HAD DEMANDED TO ASSURE THEM ADEQUATE
PROTECTION FROM MAGHREB IMPORTS; NAMELY, EC INTERVENTION
AGENCIES BUYING A CERTAIN QUANTITY OF MAGHREB WINE DIRECTLY
FOR DISTILLATION PURPOSES OR ALTERNATIVELY ESTABLISHING A
QUOTA FOR MAGHREB WINE EQUAL TO ESTIMATED EC CONSUMPTION
MINUS PRODUCTION. THE OTHER MEMBER STATE DELEGATIONS AS WELL
AS THE COMMISSION OPPOSED THESE ALTERNATIVES BECAUSE THEY WOULD
INVOLVE STATE-TRADING.

13. WHEAT: DUTCH MINISTER VAN DER STEE MADE A STATEMENT THAT
THE COMMUNITY MUST NOW BEGIN DISPOSING OF ITS WHEAT

SURPLUS, WHICH HE FIGURES COULD MOUNT TO 6 MILLION M.T.
THIS YEAR. HE DID NOT CALL FOR INCREASED EXPORT RESTITUTIONS
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BUT RECOMMENDED THE COMMUNITY PROVIDE AN INCENTIVE FOR WHEAT
USE IN ANIMAL FEEDING. HE DID NOT MENTION REINSTATING THE
DENATURING PREMIUM. DUTCH PERMREP SOURCES SAY THAT ONE
MEASURE THAT COULD BE CONSIDERED IS A PREMIUM FOR INCORPORATING
WHEAT INTO FEED RATIONS WITHOUT NECESSARILY DENATURING IT.
LARDINOIS WILL SUBMIT PROPOSALS AT THE NEXT AGRICULTURAL COU-
NCIL MEETING OF JULY 21-22 FOR THIS SO-CALLED INCORPORATION
PREMIUM AS WELL AS FOR LOWER INTERVENTION PRICES IN 1976/77
FOR HIGH-YIELDING, LOW-MILLING QUALITY WHEAT VARIETIES.

14. POULTRY: THE COUNCIL HAS DECIDED TO BRING FORWARD TO
DECEMBER 31, 1977 THE DATE BY WHICH THE SPIN-CHILLER PROCESS
FOR POULTRY MAY NO LONGER BE PERMITTED IN MEMBER STATES
(REF. B). THE COMMISSION WILL SUBMIT TO THE COUNCIL BEFORE
JULY 1, 1976 A STUDY ON ALTERNATIVE INDUSTRIAL PROCESSES.

15. THE ATMOSPHERE OF THE DISCUSSION: THE TENOR OF THE EXCHAN-
GES AMONG THE MINISTERS DURING THIS TWO-DAY COUNCIL SESSION
WAS AT TIMES BLUNT AND ANTAGONISTIC, ESPECIALLY BETWEEN
GERMAN MINISTER ERTL AND ITALIAN MINISTER MARCORA. HERR ERTL,
FOR EXAMPLE, INTERJECTED NUMEROUS ANECDOTES (BEING SERVED
A JAFFA ORANGE ON ALITALIA) THE BRUNT OF WHICH WAS TO SHOW
THAT ITALIAN ORANGES ARE NOT OF GOOD QUALITY. MARCORA WOULD
POINT WITH EQUAL SALTINESS TO THE LEVEL OF MARKET SUPPORT
AFFORDED NORTHERN EUROPEAN PRODUCTS: "NOT ONE ORANGE HAS BEEN
BOUGHT INTO INTERVENTION*" HOWEVER, NOTHING PRODUCED MORE OF
A DISPLAY OF FRATERNAL SOLIDARITY AMONG THE AGRICULTURAL
MINISTERS THAN WHEN FOREIGN MINISTER FITZGERALD AND EC COMMI-
SSION PRESIDENT ORTOLI DESCENDED UPON THEM THE MORNING
OF JUNE 24 TO URGE THEM TO SETTLE QUICKLY THE MEDITERRANEAN
AGRICULTURAL DOSSIER. ERTL, WITH THE STRONG BACKING OF
MARCORA AND THEIR OTHER EC FARM COLLEAGUES, SAID IT WAS ALL
NICE AND GOOD FOR THE FOREIGN MINISTERS TO COME UP WITH THESE
GREAT GLOBAL POLICIES AND APPROACHES BUT THEY LEFT THE AG-
RICULTURAL MINISTERS TO DEAL WITH THE REAL PROBLEMS WHICH WERE
NOT EASY TO RESOLVE.

16. ANOTHER INTERESTING SIDELIGHT IN THIS COUNCIL SESSION
WAS THAT EARLY IN THE FIRST DAY'S MEETING, MARCORA THREATENED
TO RESIGN. NO ONE WAS QUITE SURE WHETHER HE PROPOSED A PROTEST
AGAINST MEDITERRANEAN AGRICULTURAL PREFERENCES (THEREBY
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PROVING HIMSELF TO BE A BETTER DEFENDER OF ITALIAN INTERESTS
THAN FOREIGN MINISTER RUMOR) OR WHETHER, HE, AS A LEFT WING
CHRISTIAN DEMOCRAT, WANTED TO BRING ON A GOVERNMENTAL CRISIS
TO PROMOTE THE "HISTORIC COMPROMISE." IN ANY CASE HIS
MOVE INCREASED HIS NEGOTIATING LEVERAGE. IN A SURPRISE MOVE
LATE TUESDAY NIGHT, HE DROPPED HIS EARLIER INTRANSIGENCE,
AND ACCEPTED A COMPROMISE PACKAGE ON FRUITS AND VEGETABLES
AND WINE, WHICH MOST DESCRIBE AS A GOOD DEAL FOR ITALY.
IN HIS FINAL STATEMENT MARCORA PRAISED OUTGOING COUNCIL PRESI-
DENT CLINTON AND SAID HE HOPED THAT WHEN HE TOOK THE CHAIR
HE WOULD NOT HAVE TO DEAL WITH ANY MINISTER AS DIFFICULT AS
HE HAD BEEN. INDEED, IF MARCORA SHOWS AS MUCH SKILL AND
PANACHE AS A COUNCIL PRESIDENT AS HE DID AS A NEGOTIATOR,
WE ARE IN FOR AN INTERESTING SIX MONTHS.GREENWALD

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